



# House of Representatives

General Assembly

**File No. 173**

January Session, 2005

Substitute House Bill No. 6499

*House of Representatives, April 5, 2005*

The Committee on Commerce reported through REP. BERGER of the 73rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING CERTAIN PUBLIC INVESTMENT COMMUNITIES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (b) of section 4-66g of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective July*  
3 *1, 2005*):

4 (b) The proceeds of the sale of said bonds, to the extent of the  
5 amount stated in subsection (a) of this section, shall be used by the  
6 Office of Policy and Management for a Small Town Economic  
7 Assistance Program the purpose of which shall be to provide grants-  
8 in-aid to any municipality which (1) is not economically distressed  
9 within the meaning of subsection (b) of section 32-9p, does not have an  
10 urban center in any plan adopted by the General Assembly pursuant  
11 to section 16a-30 and is not a public investment community within the  
12 meaning of subdivision (9) of subsection (a) of section 7-545, and (2)  
13 has a population, as defined in subdivision (27) of section 10-262f,

14 under thirty thousand. Such grants shall be used for purposes for  
15 which funds would be available under section 4-66c. No municipality  
16 may receive more than five hundred thousand dollars in any one fiscal  
17 year under said program. Notwithstanding the provisions of this  
18 subsection and section 4-66c, a municipality that is a public investment  
19 community within the meaning of subdivision (9) of subsection (a) of  
20 section 7-545 and otherwise eligible under this subsection for the Small  
21 Town Economic Assistance Program may elect to be eligible for said  
22 program in lieu of being eligible for financial assistance under section  
23 4-66c, by a vote of its legislative body or, in the case of a municipality  
24 in which the legislative body is a town meeting, its board of selectmen,  
25 and submitting a written notice of such vote to the Secretary of the  
26 Office of Policy and Management. Any such election shall be for the  
27 four-year period following submission of such notice to the secretary  
28 and may be extended for additional four-year periods in accordance  
29 with the same procedure for the initial election.

This act shall take effect as follows and shall amend the following sections:

Section 1	July 1, 2005	4-66g(b)
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***Statement of Legislative Commissioners:***

In the first sentence of the new text, "within the meaning of subdivision (9) of subsection (a) of section 7-545" was added for clarity.

***CE***      *Joint Favorable Subst.-LCO*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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### ***OFA Fiscal Note***

#### ***State Impact:***

Agency Affected	Fund-Effect	FY 06 \$	FY 07 \$
Treasurer, Debt Serv.	GF - Cost	Potential	Potential

Note: GF=General Fund

#### ***Municipal Impact:***

Municipalities	Effect	FY 06 \$	FY 07 \$
Various Municipalities	Revenue Gain	Potential	Potential

### ***Explanation***

The bill has no immediate fiscal impact because it does not authorize additional General Obligation (GO) bonds for either the Urban Action Program or the Small Town Economic Assistance Program (STEAP.) However, to the degree that the provisions of the bill cause GO bond funds to be expended more rapidly than they otherwise would have been, there will be an increase in debt service costs in future years. The unallocated balance for the Urban Action Program as of 3/31/05 is \$55.8 million. There is no current unallocated balance for the STEAP program.

The bill will result in a revenue gain to Public Investment Community towns to the degree that the towns are more likely to receive funding under the STEAP program rather than the Urban Act Program.

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**OLR Bill Analysis**

sHB 6499

**AN ACT CONCERNING CERTAIN PUBLIC INVESTMENT COMMUNITIES****SUMMARY:**

This bill provides a way for towns to continue qualifying for Small Town Economic Assistance Program (STEAP) grants when they no longer meet all the program's eligibility criteria. By law, a town is eligible for a grant if it has fewer than 30,000 people, no state-designated urban centers, and is not a state-designated "distressed municipality" or "public investment community" (PIC). It becomes ineligible when its population exceeds the threshold or is designated a distressed municipality or PIC. But towns so designated also qualify the town for Urban Act grants.

The bill applies to a town that becomes ineligible for STEAP grants when the state designates it a PIC. It lets the town decide if it wants to qualify for Urban Act or STEAP grants. The town may choose the latter only if its legislative body or board of selectmen (if that body is a town meeting) approves and the town notifies the Office of Policy and Management (OPM) secretary about the decision. The town qualifies for STEAP grants for four years and may qualify for additional four-year periods in the same manner.

Urban Act and STEAP grants fund housing, transportation, economic development, environmental protection, and social service projects. But the Urban Act's criteria are weighted more toward developed, economically distressed towns. The criteria include the PIC designation, which OPM determines annually based on social and economic statistics.

EFFECTIVE DATE: July 1, 2005

**BACKGROUND*****Public Investment Communities***

PIC is a designation that identifies fiscally distressed towns. OPM scores and ranks all towns based on residents' income, tax base and tax rates, the share of residents who are unemployed, and the share who receive temporary family assistance. It then designates the 42 towns in the top quartile as PICs. The designation serves as an eligibility criterion for Urban Act grants, community economic development loans, residential mortgage guarantees, malpractice insurance assistance, and enterprise corridor zone designations.

**COMMITTEE ACTION**

Commerce Committee

Joint Favorable Report

Yea 21      Nay 0